



**LG&E Energy Corp.**  
220 West Main Street (40202)  
P.O. Box 32030  
Louisville, Kentucky 40232

June 20, 2003

Thomas M. Dorman, Executive Director  
Public Service Commission  
211 Sower Boulevard  
P. O. Box 615  
Frankfort, Kentucky 40601

**RECEIVED**

JUN 20 2003

PUBLIC SERVICE  
COMMISSION

**Re: Kentucky Utilities Company Revised Special Contract with  
North American Stainless, L.P. - Case No. 2003-00137**

Dear Mr. Dorman:

On June 17, 2003, Kentucky Utilities Company filed its Response to the Information Requested in Appendix A of the Commission's Order dated June 2, 2003, in the above-referenced proceeding.

It has come to my attention that the responses to Questions 1 and 2 state that the witness for these responses is Betty A. Hensley. This is incorrect. The correct witness for these responses is Mike Lowery. Therefore, enclosed are an original and ten copies of revised responses to Questions 1 and 2 reflecting Mr. Lowery as the witness. All other text of the responses remains unchanged.

If you have any questions regarding this filing, please contact me.

Very truly yours,

F. Howard Bush  
Manager, Regulatory Compliance

Enclosures

cc: All Parties of Record



**KENTUCKY UTILITIES COMPANY**

**CASE NO. 2003-00137**

**Response to Information Requested in Appendix A  
of Commission's Order Dated June 2, 2003**

**Question No. 1**

**Responding Witness: Mike Lowery**

Q-1. For what billing periods was NAS billed as having a firm load of 2,000 kW?

A-1. The firm load level of 2,000 kW was recognized as an estimate on bills with meter readings from May 31, 2002 through May 2, 2003. These bills were directed to be marked "Estimated Invoice pending execution of an amended contract and KY PSC approval of this amended contract". (A confidential company document attesting to this is being filed under seal with a Petition for Confidential Treatment.) Inadvertently, the bills were not so marked.

**From:** Freibert, Charlie  
**Sent:** Thursday, July 11, 2002 6:15 PM  
**To:** Bush, Howard; Hensley, Betty  
**Cc:** Cummins, Don; Phillips, Steven; Martin, Charlie; Brunner, Bob  
**Subject:** NAS June Invoice, discussions with Miguel

Howard and Betty,

Just want to confirm that Don and I have talked with Miguel Sanchez today. He understands that the invoice for June will be an "estimate". Please place somewhere in the heading on the June invoice the following statement; **"Estimated Invoice pending execution of an amended contract and KY PSC approval of this amended contract"**.

From our discussion today an understanding was reached on the following:

1. The minimum monthly demand will be based on ■■■ MWs of power but this minimum monthly demand payment will reflect the carrying charge on our transmission invest for ■■■ MWs of transmission, thus, ■■■ instead of ■■■ per month. The 15 minute peak demand on and off peak in a month could be high enough to exceed this minimum amount. [Howard, Should we increase the on peak demand from ■■■/kw-mo to ■■■/kw-mo to show the usage of ■■■ MWs of power and ■■■ MWs of transmission??]
2. After reviewing June's 15 minute demand readings Miguel concluded that ■■■ MWs should be the minimum firm demand. Miguel wishes to make this amount the very minimum amount without incurring a penalty when curtailed. Expect Miguel to change this amount to a lower number in the draft amendment, perhaps to ■■■ MWs.
3. The curtailment credit of ■■■/kw-mo will be applied to the maximum hourly demand on peak minus the greater of ■■■ MWs or the maximum hourly demand when curtailed.
4. NAS will receive ■■■/kw-mo times the maximum hourly demand on peak during the prior month. On this topic I requested that NAS consider eliminating this option in the amendment in return for us lowering their minimum demand; NAS saves ■■■/mo on lowering the minimum demand and eliminating this option would save us approximately ■■■ -- NAS net saving ■■■. I expect Miguel to counter.

Miguel has asked for an explanation of the curtailment penalty. Please confirm that I have described it correctly as follows:

For the maximum hourly demand during a curtailment that exceeds ■■■ MWs NAS will be penalized ■■■/kw-mo times this maximum amount that exceeds ■■■ MWs for the current month and the next 11 months. Plus NAS will lose the ■■■/kw-mo credit times this maximum amount that exceeds ■■■ MWs for the current month and the next 11 months. Each non-compliance starts another 12 months of penalties based on the maximum hourly demand during a curtailment that exceeds ■■■ MWs during the current and preceding 11 months. In other words, failure to comply with a curtailment results in NAS losing the ■■■/kw-mo credit and paying a ■■■/kw-mo penalty on the maximum amount of hourly demand above ■■■ MWs during a curtailment.

Attached is the amended contract originated by Howard with a few revisions from me. I need to email this draft to Miguel tomorrow morning.



**NAScontract071  
102.doc (41 KB)**

Thanks Charlie

**KENTUCKY UTILITIES COMPANY**

**CASE NO. 2003-00137**

**Response to Information Requested in Appendix A  
of Commission's Order Dated June 2, 2003**

**Question No. 2**

**Responding Witness: Mike Lowery**

Q-2. Is NAS currently being billed based on a firm load of 2,000 kW or 1,800 kW? If 1,800 kW, on what date was the change effective?

A-2. NAS is currently billed on a firm load of 1,800 KW. The change is effective with service on and after April 30, 2003 by the Commission's Order dated April 28, 2003 in Case No. 2003-00137.